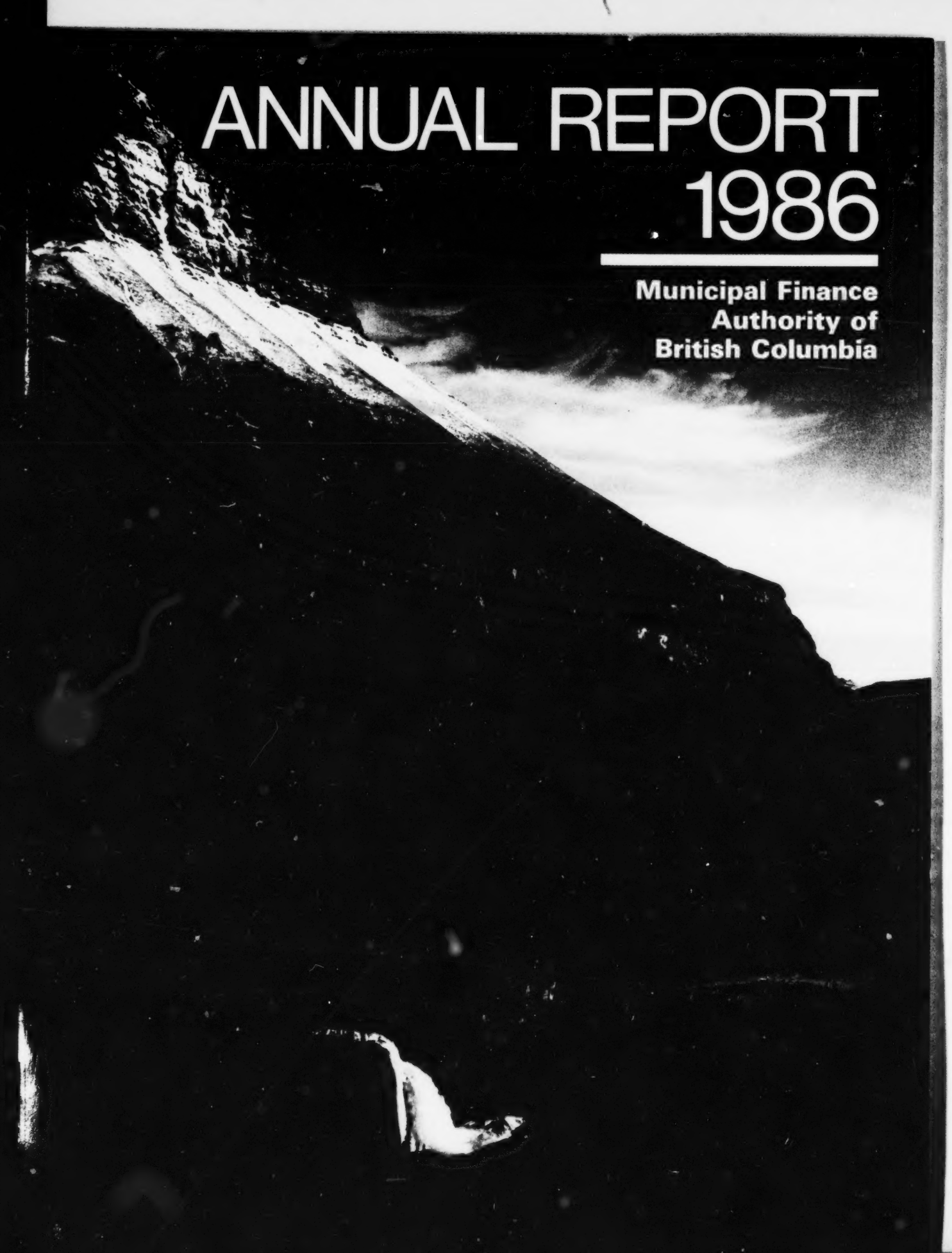

ANNUAL REPORT 1986

Municipal Finance Authority of British Columbia

Municipal Finance Authority of British Columbia

200 INTERNATIONAL HOUSE, 880 DOUGLAS STREET, VICTORIA, B.C. V8W 2B7

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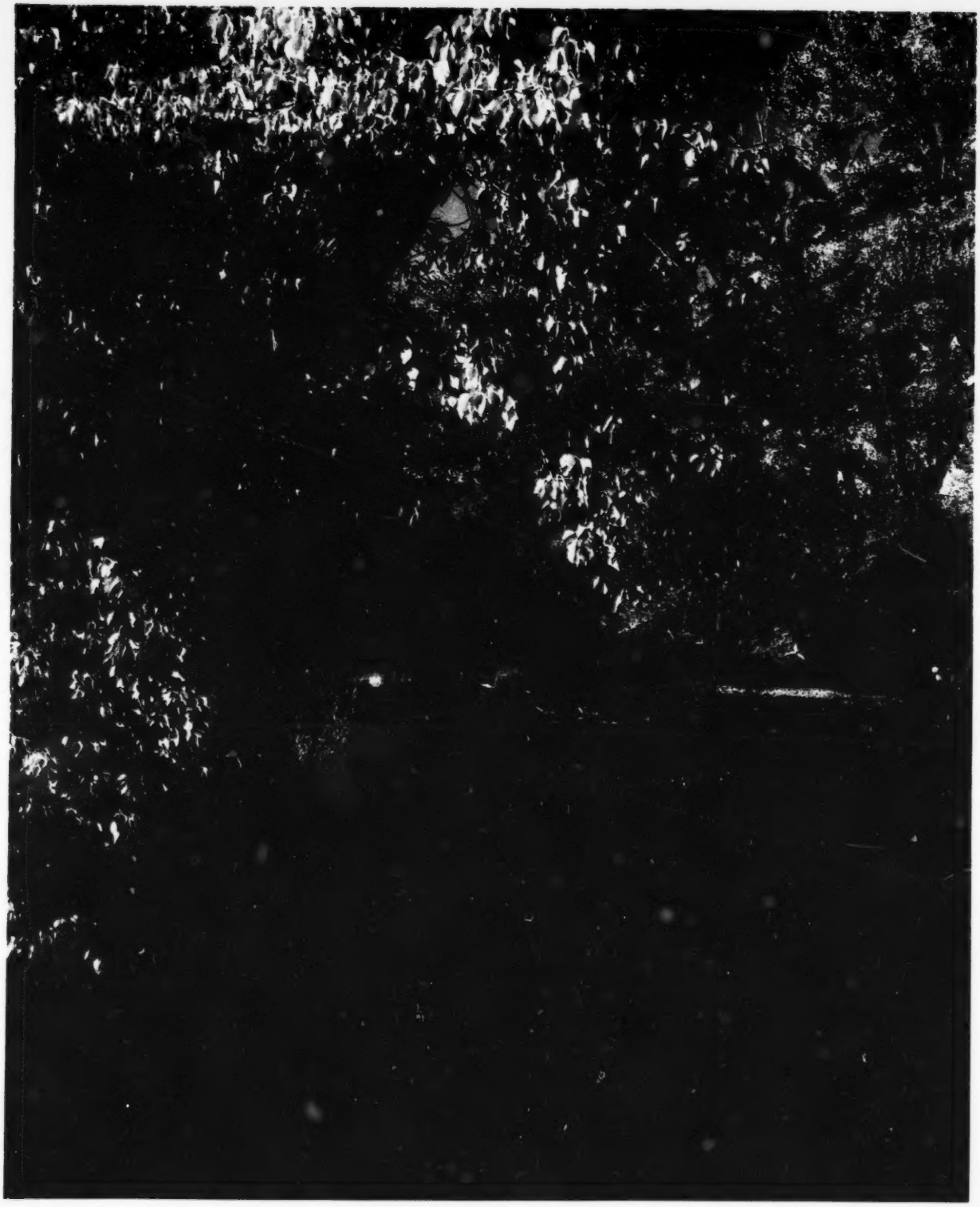
FRONT COVER

Mount Robson and Emperor Falls, Fraser-Fort George Regional District *Courtesy Tourism B.C.*



Autumn at Douglas Lake, Thompson-Nicola Regional District *Courtesy Tourism B.C.*

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Financial Highlights

MILLIONS OF DOLLARS

	1986	1985
AT DECEMBER 31:		
Total assets — combined funds	1,371	1,330
Loans to Regional Districts outstanding	1,128	1,123
Long-term debt outstanding	1,220	1,191
Sinking funds	67	58
Long-term debt, net	1,153	1,133
Debt Reserve Fund	115	112
Investments (including sinking funds)	205	158
IN THE YEARS ENDED DECEMBER 31:		
New loans to Regional Districts	49	37
Loan repayments from Regional Districts	44	42
New debt issued	97	87
Debt retired	68	92
Interest from investments	20	17
Interest paid	140	146

Members and Officers — 1986

MEMBER	REGIONAL DISTRICT
J. Stanhope	*Alberni-Clayoquot Regional District*
G. E. McFee	*Bulkley-Nechako Regional District*
H. F. Sturrock	*Capital Regional District*
R. G. Marks	*Cariboo Regional District*
D. Kuch	*Central Coast Regional District*
L. C. Fowler	*Central Fraser Valley Regional District*
G. B. Cady	*Central Kootenay Regional District*
J. H. Stuart	*Central Okanagan Regional District*
D. Crandall	*Columbia-Shuswap Regional District*
K. A. Hudson	*Comox-Strathcona Regional District*
A. Stuart	*Cowichan Valley Regional District*
R. Sharpe	*Dewdney-Alouette Regional District*
H. Tapp	*East Kootenay Regional District*
J. Jansen	*Fraser-Cheam Regional District*
A. Stauble	*Fraser-Fort George Regional District*
E. Burnett	*Greater Vancouver Regional District*
A. H. Emmott	*Greater Vancouver Regional District*
D. Humphreys	*Greater Vancouver Regional District*
J. E. Loucks	*Greater Vancouver Regional District*
D. A. Ross	*Greater Vancouver Regional District*
R. M. Cooper	*Kitimat-Stikine Regional District*
R. Walker	*Kootenay Boundary Regional District*
G. Popovich	*Mount Waddington Regional District*
M. Jiggins	*Nanaimo Regional District*
L. Hanson	*North Okanagan Regional District*
D. R. McDougall	*Okanagan-Similkameen Regional District*
R. Petrick	*Peace River-Liard Regional District*
H. Gruber	*Powell River Regional District*
P. J. Lester	*Skeena-Queen Charlotte Regional District*
R. D. Cumming	*Squamish-Lillooet Regional District*
J. Gurney	*Sunshine Coast Regional District*
P. A. Wallace	*Thompson-Nicola Regional District*

BOARD OF TRUSTEES

J. H. Stuart, CHAIRMAN
R. D. Cumming
A. H. Emmott
R. G. Marks
D. A. Ross
H. F. Sturrock
P. A. Wallace

OFFICERS

CHAIRMAN:
J. H. Stuart

ACTING CHAIRMAN:
D. A. Ross

SECRETARY-TREASURER:
J. R. Craven

DEPUTY SECRETARY-TREASURER:
W. C. Greer

AUDITORS

PEAT, MARWICK, MITCHELL & CO.
VANCOUVER, B.C.

SOLICITORS: BOND COUNSEL

FARRIS, VAUGHAN, WILLS & MURPHY
VANCOUVER, B.C.

SOLICITORS: GENERAL COUNSEL

COX, TAYLOR, BRYANT
VICTORIA, B.C.

Chairman's Report — 1986

TO THE MEMBERS OF THE MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

James H. Stuart
CHAIRMAN

It is my pleasure and privilege to submit the sixteenth annual report of the Municipal Finance Authority of British Columbia.

We experienced a year of changing economic circumstances which worked together to produce a generally favourable climate for borrowing.

Several factors were noteworthy, particularly the sharp drop in oil prices. This was a key factor in keeping inflation numbers down. Low inflation numbers helped keep interest rates trending down. We broke through the double digit barrier in the spring of 1986 with a 15-year issue at 9.375% annual which translates into a semi-annual interest rate of 9.125%; a rate lower than any we have seen since 1977.

The low oil prices did not trigger the increase in world growth that some economists had predicted and oil prices had a very different economic effect depending on whether the country was an oil exporter or an oil importer. The Third World suffered revenue losses which in turn impacted on their ability to service debt adding to the concerns for the world wide economy.

In Canada, oil revenues dipped impacting negatively on the economies of the western provinces and, in turn, on the size of the provincial and federal deficits. The price of oil, linked to inflation as it is, will be an important factor in the coming year's financing.

The United States dollar has declined against other world currencies since early 1985. The Canadian dollar has largely tracked this decline. As a result, the United States is now in a better position to tackle the large trade imbalances presently in effect between themselves and other countries like Germany and Japan — that will be comforting as trade imbalances bring protectionist threats to the forefront. We will be watching with interest what effect the softwood settlement will have on the B.C. economy. The recent rise in the stock prices of British

Columbia based timber companies would seem to indicate that the market is relieved that the issue seems to be finally settled and that is encouraging.

The ongoing free trade talks between the United States and Canada will certainly affect our economic fortunes. Also this year, changes in regulations set by the Ontario Securities Commission will dramatically change the way that Canadian investment dealers do business.

In 1986, as has been the pattern for the last four years, the MFA's borrowing requests were moderate. We took advantage of this year's low rates to lengthen term on a $50 million rollover during the spring of 1986 and combined it with our spring requirements. This increased liquidity and decreased the cost of the borrowing. This spring issue raised $65.5 million Canadian over a 15-year term in Europe relending at rates of 9.375% semi-annual. The fall issue raised $31.6 million in Canada, relending at rates of 9.375% for the five-year term increasing by $^1/_8$ of 1% to 9.875% for the 25-year borrowers.

The fall issue was noteworthy on two accounts. The issue was split into $5.6 million serial debentures (1 to 5 years) and $26 million debentures (all maturing in 20 years), and it was the first issue we have launched with only fully registered bonds. In the past, bearer bonds have always been made available to investors as an option; they are much more costly to handle in our inventory over the life of the issue and they materially add to printing costs.

Since 1985, long-term issues of the authority sold in Canada have been designed so that further debentures of the same series can be sold in a subsequent financing in order to provide increased marketability. Happily, each successive series has borne a lower interest rate, so none has been re-opened.

At the close of 1986, long-term debt outstanding was one billion, two hundred and twenty million; during 1986 payments of principal and interest in excess of $188 million were received from our regional districts and municipalities. At December 31, 1986, investments managed totalled $205 million, broken down as follows:

Debt Reserve Fund $31.8 million.

Sinking and related debt servicing funds $173.6 million.

Interest earnings in 1986 totalled $19.6 million.

The types of investments which may be held by the Municipal Finance Authority are regulated by our Act. At December 31, 1986 our portfolio consisted of $60.2 million of securities of or guaranteed by the Government of Canada, $48.9 million of securities of or guaranteed by Provincial Governments, $54 million of securities of or guaranteed by Canadian chartered banks, $1 million of securities of B.C. credit unions, $4.4 million of securities of municipal governments in Canada and $36.9 million of obligations of the Municipal Finance Authority.

During 1986 we again moved our office quarters, this time from the 1st floor to the 2nd floor of International House. This move lowers our accommodation costs by a considerable amount over the next 10 years while providing us with a more functional setting.

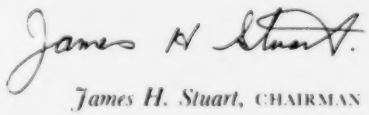
We continued to devote much time to working with rating agencies. In addition to the well-known firms of Moody's and Standard and Poor's, we have been visited by the Canadian Bond Rating Service, the Dominion Bond Rating Service and the Japan Credit Rating Agency this year. The unique Municipal Finance Authority concept always requires some explanation, but is well received once understood. An important part of our job is to be available to answer the many questions that naturally arise in the course of these lengthy examinations.

After consultation with the larger participants in the Swiss franc issue, the board of trustees agreed to refinance the Swiss franc loan in Canadian dollars when it matures on November 15, 1987.

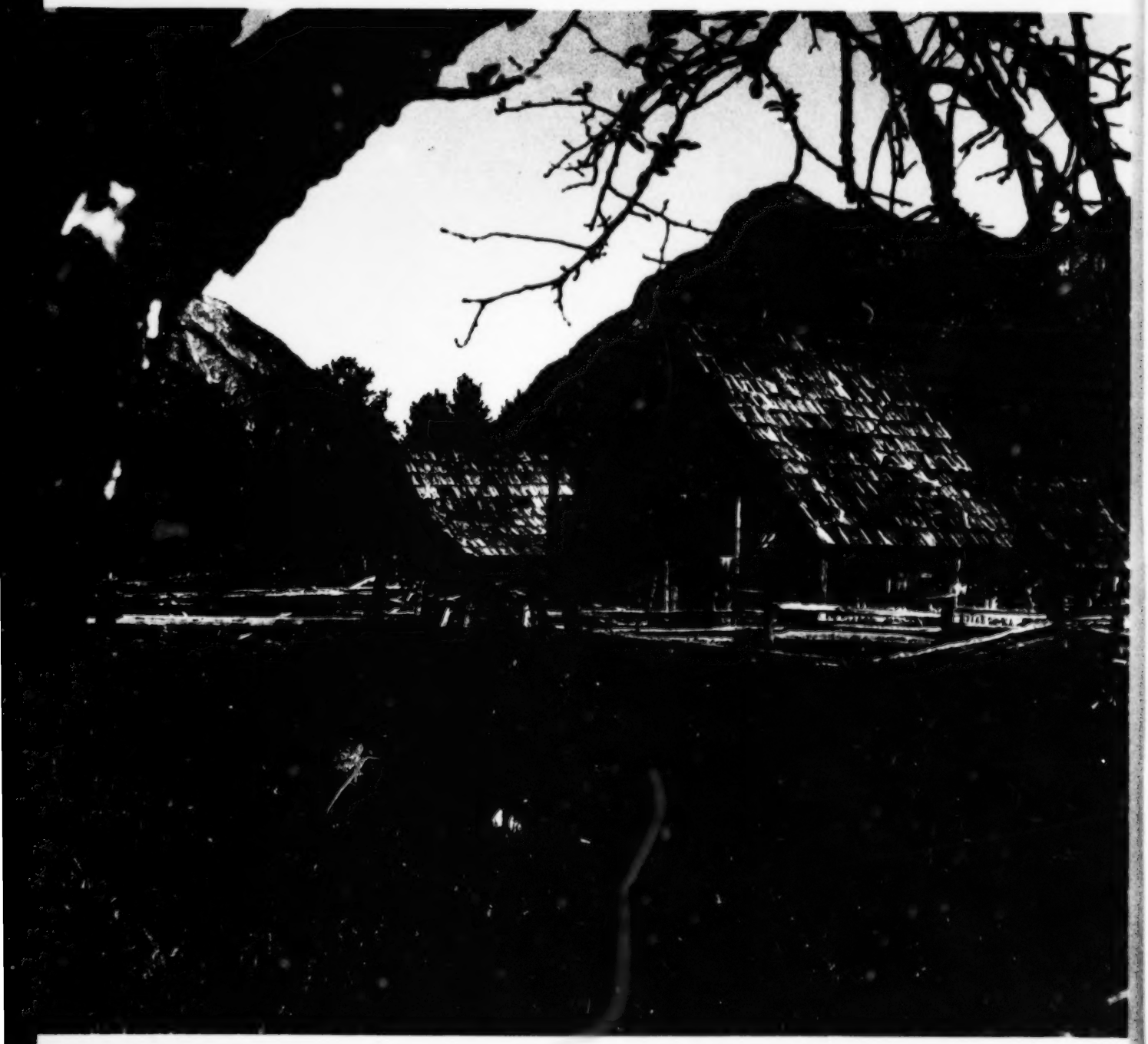
We have a final report on the short-term investment pool account which would allow municipalities to pool their investments through the MFA if they choose so to do. This concept would be at arms length from our regular long-term financing activities. It will be contracted out periodically and will require special legislation. If the Authority adopts the principle of pooling short-term investments, we will apply for the necessary legislation.

The Municipal Finance Authority does not work in isolation, and I would like to record our thanks to the Ministry of Municipal Affairs and the Ministry of Finance who are to be commended for their continuing co-operation and support. Dealing with these Ministries is always a pleasure; formally and informally, the doors are always open. This exchange of information is an important component of our operation.

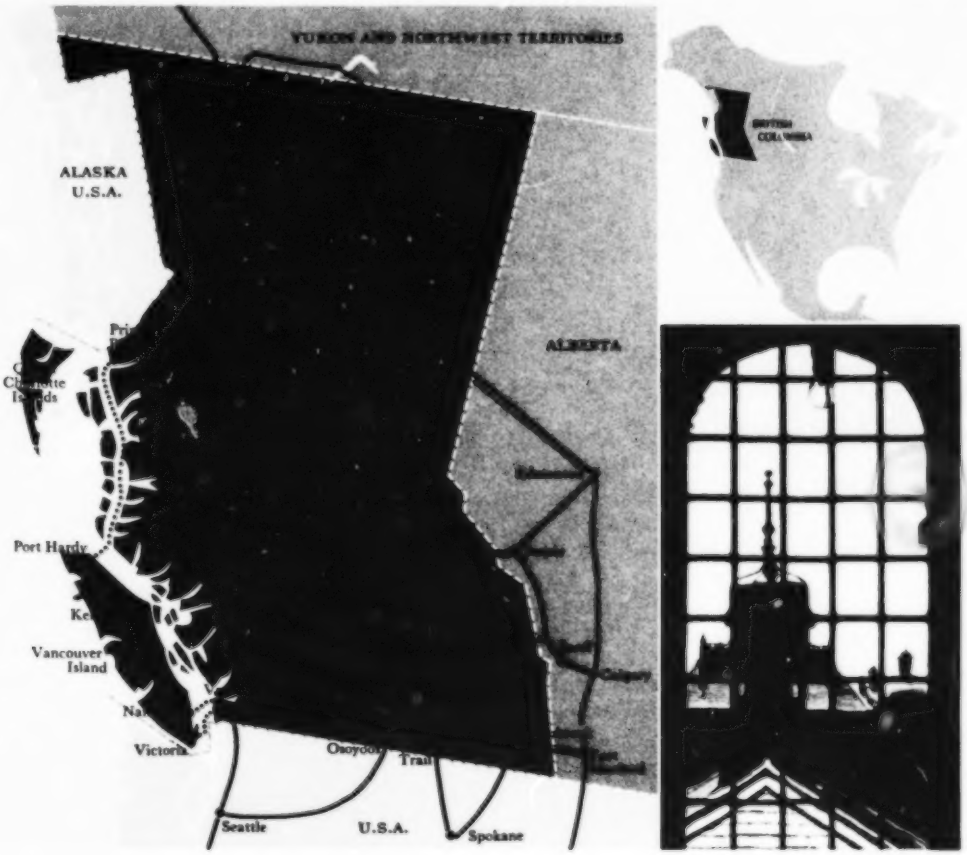
I would like to draw your attention to the fact that three members of the Board of Trustees will not be returning this year. Ross Marks has been a member of the Authority since 1975 and a Trustee since 1980; Alan Emmott came on the Board in 1982 and was elected a Trustee in 1983; Pat Wallace was a member of the Authority Board since 1983 and a Trustee since 1984. They have given unstintingly of their time and abilities and they will be missed by all of us. I would like to thank them and the other members of the Board and the staff of the Municipal Finance Authority for their energy and enthusiasm. It has been a real pleasure working with them throughout this year.



James H. Stuart, CHAIRMAN



Mount Currie, Squamish-Lilloett Regional District *Courtesy Tourism B.C.*



"The object of the authority is to provide financing of capital requirements for regional districts and for their member municipalities by the issue of its securities and lending the proceeds from them to the regional district on whose request the financing is undertaken."

Municipal Finance Authority Act, Revised Statutes of British Columbia, 1979.

How the Municipal Finance Authority of British Columbia Functions

Responsibility

The Municipal Finance Authority of British Columbia was established in 1970 by the Municipal Finance Authority of British Columbia Act, Chapter 292, Revised Statutes of British Columbia, 1979.

Regional districts and municipaiities in British Columbia finance through the Authority all long-term capital requirements except those met by senior levels of government.

The City of Vancouver is the only municipality in the Province which retains the right to issue its own securities to finance capital projects. Taxable land and improvements within the City of Vancouver are, nevertheless, subject to rates levied by the Municipal Finance Authority.

Representation

The Province of British Columbia is divided into twenty-eight regional districts, each of which is governed by a Regional Board consisting of representatives of its member municipalities and unincorporated areas.

The members of the Municipal Finance Authority are appointed by the Regional Boards; the number of members to which a regional district is entitled is based upon its population.

The executive and administrative powers and duties of the Authority are exercised and performed by a Board of Trustees consisting of the Chairman of the Authority and six other members, elected annually. The Capital Regional District and the Greater Vancouver Regional District must be represented on the Board of Trustees.

Funding

When the municipalities, through the regional districts, and the regional districts on their own behalf, wish to finance their capital projects, they present their approved requests to the Municipal Finance Authority.

Taking into account market and economic conditions pertaining, the members of the Authority may authorize the issue and sale of securities in an amount sufficient to meet the requests.

Securities of the Authority, not exceeding the amount authorized, may then be issued at such rates and pursuant to such terms and conditions and in such markets and currencies as the Board of Trustees may determine. Under the Act, the Authority has power to provide for the creation, management and application of sinking funds or other means of securing the repayment of securities issued by the Authority, including the redemption by call of securities issued subject to redemption in advance of maturity.

A separate account is maintained for each sinking fund security issue and moneys at the credit of a sinking fund which cannot be immediately applied toward paying the debt or discharging the obligation may be invested in:

(a) securities of the government of Canada or a province of Canada, or

(b) securities, the principal and interest of which are guaranteed by the government of Canada or a province of Canada, or

(c) securities of a municipality or regional district in British Columbia, or of a local, municipal or regional government in another province of Canada, maturing not later than the securities for which the sinking fund was created, or

(d) investments guaranteed by a Canadian chartered bank, or
(e) deposits in, or shares or other evidences of indebtedness of, a credit union incorporated under the British Columbia Credit Union Act, or
(f) securities of the Municipal Finance Authority of British Columbia maturing not later than the securities for which the sinking fund was created; however, securities so purchased shall be held to the credit of the sinking fund account and shall not be resold.

Protection for Investors

In British Columbia, the combined credit of all the regional districts and their member municipalities—which together have essentially all the taxable land and improvements in the Province—stands behind the Authority's obligations.

In addition, the Authority has established a debt reserve fund into which each regional district sharing in the proceeds of a security issue having a term to maturity of over two years must contribute an amount equal to one-half the average annual instalment of principal and interest for repayment of the issue; such amount is payable to the Authority at the time of issue either in full or in an amount equal to one percent of the principal amount borrowed with the balance secured by a non-interest bearing demand note of the regional district issued to the Authority. Moneys paid into the debt reserve fund, and interest earned thereon, are obligations of the Authority to the regional districts and must be refunded to them when the final instalments of their loans have been repaid.

If, at any time, the Authority lacks sufficient funds to meet principal, interest or sinking fund payments due on its obligations, it must utilize the debt reserve fund, all or any part of which is available to satisfy the Authority's obligations, regardless of the sources of the moneys in the fund. In the event that payments are made from the debt reserve fund, the Authority will recover such payments from the regional districts involved in order to restore the debt reserve fund. If the Trustees are of the opinion that payments made from the debt reserve fund will not be recovered within a reasonable period, they may levy upon all taxable land and improvements in the Province a tax sufficient to restore the fund to its required amount. It is mandatory for the Trustees to levy such a tax when the balance in the debt reserve fund is less than fifty percent of the required amount. The Trustees' power to impose taxes does not require the permission or approval of any other governmental authority. Pending the receipt of such taxes, the Authority may borrow an equivalent amount to meet its obligations.

The provincial government has undertaken to assure that the debt reserve fund will be maintained in accordance with the Municipal Finance Authority Act and the Inspector of Municipalities may inspect the fund from time to time and issue a certificate that it has been maintained at the proper level.

Moneys in the debt reserve fund may be invested in:

(a) securities of the government of Canada or a province of Canada, or
(b) securities, the principal and interest of which are guaranteed by the government of Canada or a province of Canada, or
(c) deposits in, or investments guaranteed by a Canadian chartered bank, or
(d) deposits in, or shares or other evidences of indebtedness of, a credit union incorporated under the British Columbia Credit Union Act.

Such investments must mature or be callable within five years and at least twenty-five percent of the fund must be callable within ninety days.

Additional Protection for Investors

Regional districts and their member municipalities financing through the Municipal Finance Authority must obtain the same provincial approvals as would be required if they were issuing their own securities. In this way, all the safeguards imposed by the Provincial Legislature on the incurring of indebtedness by regional and municipal governments are retained. Such safeguards include the requirement that the Inspector of Municipalities approve the debt and user charges, if any, and other taxes to service the debt. In addition, sewer and water projects require the issuance of a certificate of self-liquidation by the Inspector of Municipalities.

Limitations on the borrowing power of a regional district for each function may be specified in its letters patent. The total indebtedness which a municipality may contract is limited to a percentage of the assessed value for general municipal purposes of the taxable land and improvements within the municipality and the value of the utility systems and other municipal enterprises for which the municipality has a subsisting certificate of self-liquidation granted by the Inspector of Municipalities.

Schedule of Loans to Regional Districts

OUTSTANDING AT DECEMBER 31, 1986
THOUSANDS OF DOLLARS

	Principal Outstanding Dec. 31, 1985	1986		Principal Outstanding Dec. 31, 1986
		New Loans Issued	Principal Repaid	
REGIONAL DISTRICTS				
Alberni-Clayoquot	$ 8,687	61	564	8,184
Bulkley-Nechako	15,170	—	534	14,636
Capital	90,154	3,975	4,366	89,763
Cariboo	31,945	872	1,101	31,716
Central Coast	—	—	—	—
Central Fraser Valley	67,343	2,926	2,129	68,140
Central Kootenay	16,508	1,145	623	17,030
Central Okanagan	41,515	1,618	1,494	41,639
Columbia-Shuswap	15,950	2,559	654	17,855
Comox-Strathcona	50,036	550	1,679	48,907
Cowichan Valley	24,198	—	970	23,228
Dewdney-Alouette	48,283	549	1,298	47,534
East Kootenay	65,993	764	2,097	64,660
Fraser-Cheam	14,957	—	532	14,425
Fraser-Fort George	61,035	1,184	2,361	59,858
Greater Vancouver	193,855	22,075	9,343	206,587
Kitimat-Stikine	14,990	2,685	918	16,757
Kootenay-Boundary	10,843	965	380	11,428
Mount Waddington	6,064	—	248	5,816
Nanaimo	60,500	3,310	2,098	61,712
North Okanagan	26,226	—	981	25,245
Okanagan-Similkameen	25,025	140	934	24,231
Peace River-Liard	85,931	990	3,671	83,250
Powell River	5,592	875	268	6,199
Skeena-Queen Charlotte	20,683	1,265	780	21,168
Squamish-Lillooet	16,503	555	469	16,589
Sunshine Coast	7,884	—	269	7,615
Thompson-Nicola	70,862	—	2,769	68,093
WATER DISTRICTS				
Greater Campbell River	3,339	—	92	3,247
Greater Nanaimo	22,675	—	525	22,150
	$ 1,122,746	49,063	44,147	1,127,662

The Growth and Stability of British Columbia's Regional Districts and Municipalities therein

ASSESSMENT

The British Columbia Assessment Authority, a provincially-appointed body, is responsible for assessment throughout the Province.

The fundamental principle underlying the Assessment Act is that land and improvements must be valued at their actual value (i.e., fair market value).

The actual value totals for the Province in the years 1981 to 1986 were as follows:

1981	$ 123.1 billion	1984	$ 140.8 billion
1982	$ 157.1 billion	1985	$ 145.7 billion
1983	$ 138.3 billion	1986	$ 147.7 billion

Property is segregated by type or use into property classes prescribed by the Lieutenant Governor in Council.

The value subject to taxation after applicable exemptions is referred to as the net taxable value.

A variable tax rate system was introduced in 1984 which transferred the variability factor from the assessed value to the taxation process controlled by each taxing authority. Municipal and other taxing authorities now set tax rates for each class of property to produce the level of taxation desired.

SOURCE: BRITISH COLUMBIA ASSESSMENT AUTHORITY

TAX LEVIES AND COLLECTIONS

The following table sets forth the tax levies and the collection experience of the regional districts and municipalities in British Columbia for the years 1981 through 1985:

Tax Levies and Collections by the Regional Districts and Municipalities therein

MILLIONS OF DOLLARS

	1985	1984	1983	1982	1981
Current tax levy	1,765	1,748	1,685	1,661	1,395
Arrears	152	157	146	77	46
Total taxes	1,917	1,905	1,831	1,738	1,441
Current taxes collected	1,681	1,654	1,586	1,553	1,339
Current collections as per cent of current tax levy	95.24%	94.62%	94.12%	93.50%	95.99%
Arrears collected	108	107	93	49	34
Total collections as per cent of current tax levy	101.36%	100.74%	99.64%	96.45%	98.42%

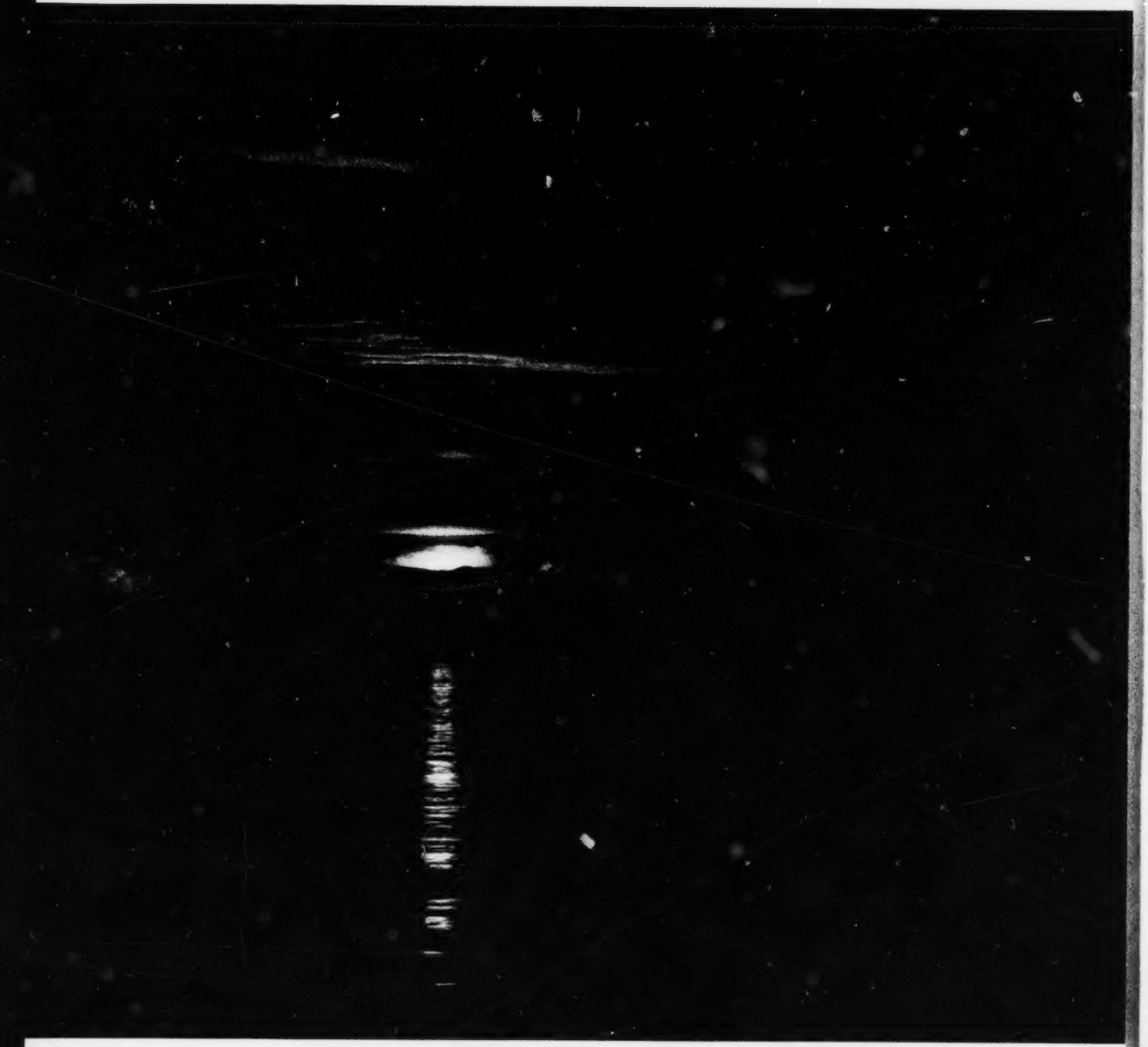
SOURCE: MINISTRY OF MUNICIPAL AFFAIRS

Revenues and Expenditures of the Regional Districts and Municipalities therein

MILLIONS OF DOLLARS

	1985	1984	1983	1982	1981
REVENUES:					
Real property taxes	816	759	710	683	558
Other taxes	82	93	107	111	99
Total taxation	898	852	817	794	657
Contributions, grants and subsidies:					
Federal	25	24	23	21	18
Provincial	266	265	278	244	294
Taxes collected for school authorities	819	857	852	862	747
Other revenues—general	408	390	366	369	317
Other revenues—sewers	52	49	43	41	44
Other revenues—utilities	133	126	131	109	98
	2,601	2,563	2,510	2,440	2,175
Transfers from reserves	51	57	50	70	76
Transfers from surpluses of prior years	32	30	23	34	29
	2,684	2,650	2,583	2,544	2,280
EXPENDITURES:					
General government	202	189	181	178	151
Fire and police	357	341	327	311	260
Public works and sanitation	247	231	226	237	195
Public health	45	43	38	38	31
Social welfare	2	3	2	11	34
Recreation and community services	227	213	204	205	167
Debt charges	297	275	252	224	195
Taxes transmitted to school authorities	819	857	857	862	747
Other expenditures—general	144	170	132	132	115
Other expenditures—sewers	37	33	32	32	28
Other expenditures—utilities	90	83	116	78	70
Contributions to capital—general	77	75	79	96	137
Contributions to capital—sewers	5	3	4	4	4
Contributions to capital—utilities	13	11	10	13	11
	2,562	2,527	2,460	2,421	2,145
Transfers to reserves	84	91	85	89	77
Operating surplus	38	32	38	34	58
	2,684	2,650	2,583	2,544	2,280

SOURCE: MINISTRY OF MUNICIPAL AFFAIRS



Sunset—Gillies Bay, Texada, Powell River Regional District *Courtesy Tourism B.C.*

Auditors' Report — 1986

TO THE MEMBERS OF THE MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

PEAT MARWICK

Peat, Marwick, Mitchell & Co.
Chartered Accountants
2400 - 1055 West Georgia Street
P.O. Box 11150, Royal Centre
Vancouver, B.C. V6E 3P3
Telephone: (604) 662-5500
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Telex: 0454218

We have examined the balance sheets of the Operating Fund, Debt Fund, Capital Repayment Equalization Fund, Debt Reserve Fund and Market Development Fund of Municipal Finance Authority of British Columbia and the combined balance sheet of these funds as at December 31, 1986, the statements of revenue, expenditure and surplus and changes in financial position of each of these funds, the combined statements of revenue, expenditure and surplus and changes in financial position of these funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Authority as at December 31, 1986, and the results of its operations and the changes in its financial position for the year then ended in accordance with accounting principles described in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Vancouver, British Columbia, Canada
January 30, 1987

Peat, Marwick, Mitchell & Co.
CHARTERED ACCOUNTANTS

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Balance Sheets

DECEMBER 31, 1986—WITH COMPARATIVE FIGURES FOR 1985
THOUSANDS OF DOLLARS

	OPERATING FUND		DEBT FUND	
	1986	1985	1986	1985
ASSETS				
Cash	$ 260	140	1,844	2,191
Receivables:				
Due from Operating Fund	—	—	—	—
Due from Capital Repayment Equalization Fund	—	—	43,480	31,439
Accrued interest	2	4	—	—
Other	19	27	—	—
Total receivables	21	31	43,480	31,439
Investments (Note 2)	—	—	—	—
Demand notes receivable from Regional Districts, without interest	—	—	—	—
Loans to Regional Districts (Note 3)	—	—	1,127,662	1,122,746
Deferred receivables from Regional Districts (Note 4)	—	—	14,122	19,318
Unamortized issue and refunding costs	—	—	3,099	2,066
	$ 281	171	1,190,207	1,180,763
LIABILITIES AND SURPLUS				
Liabilities:				
Accounts payable and unpresented matured debt	$ 61	45	1,844	2,191
Due to banks	—	—	—	1,455
Due to Debt Fund	—	—	—	—
Due to Market Development Fund	53	33	—	—
Due to sinking and other funds (Note 5)	—	—	3,993	6,363
Due to Regional Districts (Note 6)	—	—	—	—
Reserves for information systems enhancement	115	92	—	—
Long-term debt, net (Notes 7, 8 and 9) (Schedule)	—	—	1,152,767	1,132,875
Total liabilities	229	170	1,158,604	1,142,887
Surplus, per accompanying statement (Notes 10 and 12)	52	1	31,603	37,876
Commitments (Note 11)				
	$ 281	171	1,190,207	1,180,763

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

CAPITAL REPAYMENT EQUALIZATION FUND		DEBT RESERVE FUND		MARKET DEVELOPMENT FUND		COMBINED	
1986	1985	1986	1985	1986	1985	1986	1985
468	511	309	308	—	—	2,881	3,186
—	—	—	—	53	33	—	—
—	—	—	—	—	—	—	—
1,100	965	647	631	—	—	1,749	1,600
—	—	—	—	—	—	19	27
1,100	965	647	631	53	33	1,768	1,627
107,363	69,521	31,811	31,155	—	—	139,174	100,676
—	—	82,611	80,213	—	—	82,611	80,213
—	—	—	—	—	—	1,127,662	1,122,746
—	—	—	—	—	—	14,122	19,318
—	—	—	—	—	—	3,099	2,066
108,931	71,030	115,378	112,337	53	33	1,371,317	1,329,862
—	—	40	17	—	—	1,945	2,256
—	—	—	—	—	—	—	1,455
43,480	34,439	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	3,993	6,363
—	—	115,338	112,320	—	—	115,338	112,320
—	—	—	—	—	—	115	92
—	—	—	—	—	—	1,152,767	1,132,875
43,480	34,439	115,378	112,337	—	—	1,274,158	1,255,361
65,451	36,591	—	—	53	33	97,159	74,501
108,931	71,030	115,378	112,337	53	33	1,371,317	1,329,862

SECRETARY-TREASURER

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Statements of Revenue, Expenditure and Surplus

YEAR ENDED DECEMBER 31, 1986 — WITH COMPARATIVE FIGURES FOR 1985
THOUSANDS OF DOLLARS

	OPERATING FUND		DEBT FUND	
	1986	1985	1986	1985
REVENUE				
Prior year's surplus appropriated	$ 1	1	—	—
Operating levy	360	361	—	—
Recoveries from new issues	86	82	—	—
Management fees	169	78	—	—
Gain on purchases of own debentures	—	—	19	939
Interest from investments	8	5	6,358	5,456
Interest from loans to Regional Districts	—	—	3,578	12,795
Principal from loans to Regional Districts	—	—	—	—
Recovery of deficiencies from Regional Districts	—	—	—	—
Transfers from Operating Fund	—	—	—	—
Transfers from Capital Repayment Equalization Fund	—	—	135,271	133,873
Transfers from Debt Reserve Fund	—	—	1,819	868
Other	—	35	—	—
Total revenue	624	562	147,045	153,931
EXPENDITURE				
Legislative	47	53	—	—
Administrative	477	473	—	—
Transfers to Debt Fund — capital	—	—	—	—
Transfers to Debt Fund — revenue	—	—	—	—
Transfers to Market Development Fund	48	35	—	—
Interest	—	—	140,009	146,027
Amortization of issue and refunding costs	—	—	353	403
Management fees	—	—	57	27
Allocations to Regional Districts	—	—	—	—
Other	—	—	306	262
Total expenditure	572	561	140,725	146,719
Excess of revenue over expenditure for the year	52	1	6,320	7,212
Surplus at the beginning of the year not appropriated to current revenue	—	—	37,876	30,664
Surplus transfers (Note 12)	—	—	(12,593)	—
Surplus at the end of the year	$ 52	1	31,603	37,876

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

CAPITAL REPAYMENT EQUALIZATION FUND		DEBT RESERVE FUND		MARKET DEVELOPMENT FUND		COMBINED	
1986	1985	1986	1985	1986	1985	1986	1985
36,591	30,682	—	—	33	28	36,625	30,711
—	—	—	—	—	—	360	361
—	—	—	—	—	—	86	82
—	—	—	—	—	—	—	—
193	92	—	—	—	—	212	1,031
8,944	7,536	4,323	3,983	—	—	19,633	16,980
140,656	131,762	—	—	—	—	144,234	131,557
42,181	32,630	—	—	—	—	—	—
—	—	3,237	189	—	—	3,237	189
—	—	—	—	48	35	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
1,859	171	—	—	—	—	1,859	506
230,424	203,173	7,560	4,172	81	63	206,246	194,717
—	—	—	—	—	—	47	53
—	—	—	—	—	—	477	473
42,181	32,630	5,311	2,369	—	—	—	—
135,271	133,873	1,819	868	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	140,009	146,027
—	—	—	—	—	—	353	403
79	34	33	17	—	—	—	—
35	15	361	1,191	—	—	5,707	3,605
—	—	36	27	28	30	370	319
177,566	166,582	7,560	4,172	28	30	146,963	150,880
52,858	36,591	—	—	53	33	59,283	43,837
—	—	—	—	—	—	37,876	30,664
12,593	—	—	—	—	—	—	—
65,451	36,591	—	—	53	33	97,159	74,501

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Statements of Changes in Financial Position

YEAR ENDED DECEMBER 31, 1986—WITH COMPARATIVE FIGURES FOR 1985
THOUSANDS OF DOLLARS

	OPERATING FUND		DEBT FUND	
	1986	1985	1986	1985
OPERATING ACTIVITIES				
Excess of revenue over expenditure for the year	$ 52	1	6,320	7,212
Non-cash items:				
Surplus transfers (Note 12)	—	—	(12,593)	—
Prior year's surplus appropriated	(1)	(1)	—	—
Gain on purchases of own debentures for investment purposes	—	—	(18)	(357)
Gain on disposals of other securities	—	—	—	(18)
Accretion of discounts on investments	—	—	(2,895)	(1,247)
Additions to reserves for information systems enhancement	23	26	—	—
Amortization of issue and refunding costs	—	—	353	403
Allocations to Regional Districts	—	—	—	—
Decrease (increase) in due from Operating Fund	—	—	—	—
Decrease (increase) in due from Capital Repayment Equalization Fund	—	—	9,472	(74)
Decrease (increase) in accrued interest receivable	2	(2)	—	—
Decrease (increase) in other receivables	8	10	—	—
Increase (decrease) in accounts payable	16	(13)	(350)	(241)
Increase (decrease) in due to Debt Fund	—	—	—	—
Increase (decrease) in due to Market Development Fund	20	5	—	—
Cash provided by operating activities	120	26	289	5,678
FINANCING ACTIVITIES				
New debt issued	—	—	97,100	87,300
Loan repayments from Regional Districts	—	—	44,147	42,054
Decrease in deferred receivables from Regional Districts	—	—	5,196	2,254
New loans to Regional Districts	—	—	(49,063)	(37,384)
Debt retired	—	—	(68,088)	(91,748)
(Increase) in unamortized issue and refunding costs	—	—	(1,386)	(1,370)
Increase (decrease) in bank loans	—	—	(1,455)	(3,484)
Increase (decrease) in loans from sinking and other funds	—	—	(2,190)	5,719
Decrease (increase) in due from Capital Repayment Equalization Fund	—	—	(18,513)	(757)
Increase (decrease) in due to Debt Fund	—	—	—	—
Contributions from Regional Districts re new loans	—	—	—	—
Contributions and earnings thereon refunded to Regional Districts	—	—	—	—
Cash provided by financing activities	—	—	5,748	2,584
INVESTING ACTIVITIES				
Investments sold or matured	—	—	5,556	19,579
Investments purchased	—	—	(11,530)	(28,191)
Decrease (increase) in cash and accrued interest in sinking funds	—	—	(233)	(71)
Increase (decrease) in loans from sinking and other funds	—	—	(180)	180
Cash applied to investing activities	—	—	(6,387)	(8,503)
Increase (decrease) in cash for the year	120	26	(350)	(241)
Cash, beginning of the year	140	114	2,194	2,435
Cash, end of the year	$ 260	140	1,844	2,194

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

CAPITAL REPAYMENT EQUALIZATION FUND		DEBT RESERVE FUND		MARKET DEVELOPMENT FUND		COMBINED	
1986	1985	1986	1985	1986	1985	1986	1985
52,858	36,591	—	—	53	33	59,283	43,837
12,593	—	—	—	—	—	—	—
(36,591)	(30,682)	—	—	(33)	(28)	(36,625)	(30,711)
(39)	6	—	—	—	—	(57)	(363)
(34)	15	—	(21)	—	—	(34)	57
(3,493)	2,203	(465)	(376)	—	—	(6,853)	(3,826)
—	—	—	—	—	—	23	26
—	—	—	—	—	—	353	403
—	—	361	1,191	—	—	361	1,191
—	—	—	—	(20)	5	—	—
—	—	—	—	—	—	—	—
(135)	15	(16)	11	—	—	(149)	87
—	—	—	—	—	—	8	10
—	—	23	2	—	—	(311)	(252)
(9,472)	71	—	—	—	—	—	—
—	—	—	—	—	—	—	—
15,687	3,801	(97)	837	—	—	15,999	10,345
—	—	—	—	—	—	97,100	87,300
—	—	—	—	—	—	44,147	42,054
—	—	—	—	—	—	5,196	2,254
—	—	—	—	—	—	(49,063)	(37,384)
—	—	—	—	—	—	(68,088)	(91,748)
—	—	—	—	—	—	(1,386)	(1,370)
—	—	—	—	—	—	(1,455)	(3,484)
—	—	—	—	—	—	(2,190)	5,719
—	—	—	—	—	—	—	—
18,513	757	—	—	—	—	—	—
—	—	490	374	—	—	490	374
—	—	(201)	(53)	—	—	(201)	(53)
18,513	757	289	321	—	—	24,550	3,662
164,093	74,832	34,794	21,970	—	—	204,443	116,381
(198,369)	(79,672)	(34,985)	(23,106)	—	—	(244,884)	(130,969)
—	—	—	—	—	—	(233)	(71)
—	—	—	—	—	—	(180)	180
(34,276)	(4,840)	(191)	(1,136)	—	—	(40,854)	(14,479)
(76)	(279)	1	22	—	—	(305)	(472)
544	823	308	286	—	—	3,186	3,658
468	544	309	308	—	—	2,881	3,186

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Notes to Financial Statements — All Funds

DECEMBER 31, 1986

1
Organization of Municipal Finance Authority of British Columbia and significant accounting policies

The Municipal Finance Authority of British Columbia (the "Authority"), created in 1970 by the Municipal Finance Authority of British Columbia Act (the "Act"), is the central borrowing agency for financing of capital requirements (other than for schools and hospitals) for regional districts and their member municipalities in the Province of British Columbia (the "Province"). The Authority issues its own securities and lends the proceeds to the regional districts on whose request the financing is undertaken. Obligations of the Authority are not obligations of the Province and are not directly or indirectly guaranteed by the Province.

The Authority follows the normal practice in local government accounting and maintains its accounts according to the principles of fund accounting, a technique by which its financial resources are segregated for specific activities or to attain certain objectives. Five funds are maintained. A brief description of each fund and its purpose is as follows:

OPERATING FUND

The Act provides for the establishment of an operating fund to meet the annual operating budget. For this purpose, the Authority may impose, annually, rates not exceeding the prescribed rates on all taxable land and improvements in the Province.

DEBT FUND

The Authority's financing activities on behalf of the regional districts in the Province are recorded in the Debt Fund.

CAPITAL REPAYMENT EQUALIZATION FUND

The Capital Repayment Equalization Fund is a repository for repayments from the regional districts under their loan agreements in advance of the Authority's requirements on its related indebtedness. Transfers, not exceeding the amount available in respect of each issue, are made to the Debt Fund to meet the Authority's obligations when due.

DEBT RESERVE FUND

Under the Act, the Authority is required to establish a Debt Reserve Fund. Each regional district sharing in the proceeds of a securities issue is required to pay into the Debt Reserve Fund an amount equal to one-half the average annual instalment of principal and interest in respect of its own borrowing together with one-half the average annual instalment of principal and interest as set out in the agreements entered into with the regional district by member municipalities in respect of their borrowings; such amount is payable either in full or in an amount equal to 1% of the principal amount borrowed with the balance secured by a non-interest bearing demand note.

If, at any time, the Authority does not have sufficient funds to meet payments or sinking fund contributions due on its obligations, the payments or sinking fund contributions shall be made from the Debt Reserve Fund.

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Notes to Financial Statements — All Funds / continued

DECEMBER 31, 1986

MARKET DEVELOPMENT FUND

The development of markets for the Authority's securities issues is segregated in the Market Development Fund. It is funded by transfers from the Operating Fund.

A summary of significant accounting policies is as follows:

PRIOR YEAR'S SURPLUS

The Authority appropriates the prior year's surpluses to current revenue except the Debt Fund surplus which relates to the sinking funds.

INCOME RECOGNITION

The annual operating levy is recognized as revenue in the Operating Fund when the rates have been set by the Authority in March of each year. It is collected on behalf of the Authority by the municipalities in the Province and the Provincial Surveyor of Taxes and is payable to the Authority on August 1 each year.

OFFICE FURNITURE, FIXTURES AND EQUIPMENT

Office furniture, fixtures and equipment are written off in the year of acquisition.

INTEREST ACCRUALS

Interest is accrued only on investments. Accrued interest receivable from the regional districts under the loan agreements and accrued interest payable on the long-term debt are not recorded, except for unpaid matured interest coupons on coupon debentures which are recognized as accounts payable in the Debt Fund.

AMORTIZATION OF ISSUE AND REFUNDING COSTS

The issue and refunding costs are being amortized on a straight-line basis over the average lives of the securities issues to which they relate.

FOREIGN CURRENCY TRANSACTIONS

The long-term debt payable in foreign currencies is recorded in equivalent Canadian dollars at the exchange rates prevailing when the debt was incurred except the debt payable in U.S. dollars which is stated at the rate of U.S. $1 equals Canadian $1.

The Authority does not adjust its assets and liabilities denominated in foreign currencies to reflect the exchange rates at the balance sheet date since, in the opinion of the Authority, its foreign exchange exposure is fully hedged by virtue of its contractual arrangements with the regional districts on whose behalf the financing is undertaken and/or by the application of certain sections of the Act which, essentially, provide that all monetary risks, including foreign currency risks, are obligations of the regional districts.

Notes to Financial Statements — All Funds / continued

DECEMBER 31, 1986

INVESTMENTS

Investments are carried at cost, adjusted for amortization of premiums and accretion of discounts on a yield basis, except the investments in its own securities which are carried at par value.

SINKING FUNDS

Under the Act, obligations of the Authority purchased for a sinking fund account together with interest, premium, or exchange derived from them shall be held to the credit of that sinking fund account and shall not be resold. However, securities purchased in anticipation of mandatory annual redemptions for sinking fund purposes are cancelled immediately in accordance with the terms of such issues.

2 Investments

Investments consist of securities of:

	1986		1985
	Par value	Book value	Book value
	(THOUSANDS OF DOLLARS)		
CAPITAL REPAYMENT EQUALIZATION FUND			
Government of Canada, direct or guaranteed	$ 51,459	41,562	27,549
Provincial governments, direct or guaranteed	32,626	23,991	8,943
Chartered banks, direct or guaranteed	36,582	36,197	25,676
Credit Unions in the Province	975	975	800
Regional Districts and Municipalities in Canada	2,571	2,594	983
The Authority	2,044	2,044	5,570
	$ 126,257	107,363	69,521
DEBT RESERVE FUND			
Government of Canada, direct or guaranteed	$ 7,208	6,117	5,782
Provincial governments, direct or guaranteed	14,215	14,227	12,749
Chartered banks, direct or guaranteed	11,376	11,422	12,580
Credit Unions in the Province	46	45	44
	$ 32,845	31,811	31,155

Notes to Financial Statements — All Funds / continued

3
Loans to Regional Districts

Loans to regional districts include $280,168,364 (1985 - $294,320,381) denominated in U.S. dollars.

Under the Act, each regional district sharing in the proceeds of a securities issue must pay over to the Authority such sums as are required to discharge its obligations to the Authority in respect of such securities issue, but if the scheduled payments provided for under the loan agreement are not sufficient to meet the Authority's obligations in respect of that securities issue, the deficiency is a liability of the regional district to the Authority.

At the exchange rates prevailing at December 31, 1986, the scheduled payments under the agreements with the regional districts in respect of the securities payable in Swiss francs and Deutschemarks will not provide sufficient funds to meet the Authority's related obligations when due. Such deficiencies may be met from the Debt Reserve Fund (see Note 6).

The aggregate principal payments recoverable from the regional districts in each of the next five years are as follows:

	1986	1985
	(THOUSANDS OF DOLLARS)	
1986	$	43,225
1987	45,528	43,587
1988	46,926	44,986
1989	48,479	46,538
1990	49,933	47,992
1991	51,389	

4
Deferred receivables from Regional Districts

In 1978, the Authority redeemed the 6% bond issue of Swiss francs 50,000,000 from the proceeds of a bank loan in the amount of Swiss francs 51,600,000. As a result, the Authority incurred an exchange loss of $23,055,505, being the difference between the Canadian dollar equivalent of Swiss francs 50,000,000 at the date of borrowing in 1972 and the Canadian dollar equivalent of Swiss francs 50,000,000 used from the proceeds of the bank loan to finance the redemption.

Under the terms of the loan agreements with the regional districts which participated in the original issue, the exchange loss is a liability of the regional districts to the Authority. Accordingly, it has been recorded in the accounts as deferred receivables from regional districts.

For the remainder of the term of the loan agreements, the Authority will recover additional amounts, on a sinking fund basis, from the regional districts so that, at the end of the term of such loan agreements, a fund, the contributions to which will have been adjusted for exchange rate variations on a cumulative basis, will be available to retire the related foreign currency debt. The additional payments from the regional districts are credited to the deferred receivables from regional districts account.

Notes to Financial Statements — All Funds / continued

DECEMBER 31, 1986

5
Due to sinking and other funds

The Authority may invest sinking fund and Capital Repayment Equalization Fund monies in its own securities maturing not later than the securities for which the sinking or Capital Repayment Equalization Fund account was created.

In addition to its own securities purchased under this provision, loans to the Debt Fund totalling $3,957,337 (1985 - $6,306,088) together with accrued interest of $35,850 (1985 - $56,727) were outstanding at December 31, 1986. Like the securities, the loans are included in the sinking fund assets and in investments and receivables in the Capital Repayment Equalization Fund and they have not been eliminated in the combined statements.

6
Debt Reserve Fund

The amounts due to the regional districts will be repaid to them when they have made the final payment under their respective loan agreements. If, at any time, the Authority does not have sufficient funds to meet payments or sinking fund contributions due on its obligations, the payments or sinking fund contributions must be made from the Debt Reserve Fund. During 1986, deficiencies of $7,130,294 (1985 - $3,237,045) in the amounts of funds available to meet the principal and interest payments on the Deutschemark loan and the interest and sinking fund payments on the Swiss franc loan have been met by transfers from the Debt Reserve Fund. Such deficiencies are recovered in the following year from the participating regional districts under the terms of their loan agreements.

The Board of Trustees of the Authority may levy or impose upon substantially all taxable land and improvements in the Province rates sufficient to maintain the Debt Reserve Fund at a level not exceeding the amount which would have been in the fund had no such payments been made. Further, the Board of Trustees must impose such rates when the balance in the fund is less than fifty percent of the amount that would have been in the fund had no such payments been made.

Notes to Financial Statements — All Funds / continued

DECEMBER 31, 1986

7
Long-term debt

The aggregate long-term debt maturities and sinking fund requirements in each of the next five years are as follows (including the debt payable in European currencies at the exchange rates prevailing at December 31, 1986 and provision for early redemptions at the option of the bondholder):

	1986	1985
	(THOUSANDS OF DOLLARS)	
1986	$	168,585
1987	231,903	222,718
1988	133,008	131,767
1989	53,319	52,078
1990	30,976	29,735
1991	32,621	

Since the maturities of certain of the Authority's securities issues and the related loans to the regional districts do not coincide, refunding of all, or a portion, of such securities issues will be required in future years.

8
Foreign currencies

The long-term debt payable includes the following amounts payable in foreign currencies:

		1986	1985
United States dollars	US$	276,186,000	284,349,000
Swiss francs	SFr	51,600,000	51,600,000
Deutschemarks	DM	4,950,000	5,775,000

No exchange gains or losses accrue to the Authority in respect of the debt payable in U.S. dollars since the related loans to the regional districts are denominated in U.S. dollars and the loan agreements provide for repayment to the Authority in U.S. dollars. In the case of other long-term debt denominated in European currencies, the Authority is not at exchange risk (see Note 1).

Notes to Financial Statements — All Funds / continued

DECEMBER 31, 1986

9
Sinking funds

The annual deposits to the sinking funds for issues payable in Canadian dollars are based on an interest rate of 5% per annum, capitalized yearly.

Certain securities issues are subject to specific annual redemptions for sinking fund purposes. By purchasing the securities at discount in the open market in anticipation of the sinking fund requirements, the Authority has, to December 31, 1986, retired $8,456,000 (1985 - $13,113,000) of such debt in advance of the scheduled redemptions for sinking fund purposes.

The assets and the surpluses of the sinking funds are as follows:

	1986		1985
	Par value	Book value	Book value
	(THOUSANDS OF DOLLARS)		
Securities of:			
Government of Canada, direct or guaranteed	$ 27,664	12,535	9,489
Provincial governments, direct or guaranteed	16,080	10,756	7,278
Chartered banks, direct or guaranteed	6,733	6,388	6,417
Regional Districts and Municipalities in Canada	1,925	1,783	1,536
The Authority	34,831	34,831	32,685
	$ 87,233	66,293	57,405
Cash		273	104
Accrued interest and other		711	648
Total assets		67,277	58,157
Accumulated actuarial requirements for retirement of the related debt		43,687	35,993
Excess of assets over accumulated actuarial requirements		$ 23,590	22,164

Notes to Financial Statements — All Funds / continued

DECEMBER 31, 1986

10
Capital Repayment Equalization Fund — surplus

The surplus relates directly to specific securities issues and, if not otherwise appropriated for payment of principal and/or interest during the term of such issues, will be paid over to the regional districts for which the financing was undertaken.

11
Commitments

The minimum future rental commitments for premises and equipment are as follows:

	Premises	Equipment	Total
1987	39,237	19,933	59,170
1988	39,237	19,933	59,170
1989	39,237	19,799	59,036
1990	39,237	8,816	48,053
1991	41,615	—	41,615
1992 - 1996	216,398	—	216,398

12
Transfers

The assets and surpluses in respect of certain securities issues subject to specific annual redemptions for sinking fund purposes, which had previously been recorded as sinking funds, were transferred to the Capital Repayment Equalization Fund on January 1, 1986 so that only invested-style sinking funds remain in the Debt Fund.

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Debt Fund — Schedule of Long-Term Debt

DECEMBER 31, 1986 — WITH COMPARATIVE FIGURES FOR 1985
THOUSANDS OF DOLLARS

Issue / Series	Year of issue	Maturity date	Interest rate percent	Original amount
Payable in Canadian dollars:				
2	1971	December 1, 1987-1996	7.750	$ 1,259
3	1972	March 1, 1992	7.750	1,675
		March 1, 1997	7.750	2,575
6	1973	June 1, 1987-1992	8.125	8,727
7	1974	March 1, 1987-1989	9.000	887
		March 1, 1994	9.000	6,462
9	1974	April 16, 1994	9.000	6,800
11	1974	September 3, 1987-1994	10.750	5,000
16	1975	September 2, 1995	10.750	5,000
20	1977	June 1, 1988/1997	9.000	25,000
		June 1, 1997	9.875	20,000
21	1977	December 1, 1987	8.750	1,227
		December 1, 1988-1992	9.250	961
		December 1, 1997	9.500	33,500
		December 1, 2002	9.500	7,000
23	1978	November 15, 1987-1988	9.500	1,150
		November 15, 1989-1993	9.625	890
		November 15, 1998	9.950	30,000
A23	1978	November 15, 1998	9.950	6,735
		November 15, 2003	10.000	3,265
24	1979	May 15, 1989/1999	10.250	24,000
25	1979	December 6, 1999	12.250	54,100
26	1979	December 6, 2004	12.250	11,133
27	1980	June 2, 1986	11.375	62,705
29	1981	April 29, 1986	13.625	95,000
31	1982	June 30, 1987	16.750	102,600
32	1982	October 27, 1988	13.625	100,000
33	1983	June 15, 1993	11.750	25,000
		June 15, 2003	12.375	63,300
34	1983	November 22, 1993	12.000	58,000
		November 22, 1993	12.125	21,000
35	1984	May 15, 1987/1990	12.625	60,300
36	1984	December 5, 2004	13.000	30,500
CA	1985	June 12, 2005	12.000	21,800
CB	1985	December 12, 2005	11.000	15,500
A29	1986	April 29, 2001	14.000	91,362

Carried forward

Schedule

December 31, 1986			December 31, 1985	
Outstanding	Sinking funds	Long-term debt, net	Long-term debt, net	References
622	—	622	689	(1)
1,675	710	965	1,172	(2)
2,575	637	1,938	2,125	(2)
6,779	—	6,779	7,180	(1)
574	—	574	737	(1)
6,462	5,288	1,174	1,937	(1) (2)
6,800	5,519	1,281	2,097	(2)
4,000	—	4,000	4,500	(1)
5,000	409	4,591	5,000	(2)
5,341	—	5,341	5,341	(3)
20,000	11,536	8,464	10,186	(1) (2)
288	—	288	553	(1)
961	—	961	961	(1)
33,500	17,280	16,220	18,851	(1) (2)
7,000	2,502	4,498	4,879	(1) (2)
524	—	524	752	(1)
890	—	890	890	(1)
30,000	13,916	16,084	18,104	(1) (2)
6,735	3,124	3,611	4,065	(1) (2)
3,265	1,049	2,216	2,368	(1) (2)
24,000	—	24,000	24,000	(4)
45,600	—	45,600	47,092	(5)
11,133	2,652	8,481	8,962	(2) (16)
—	—	—	50,825	
—	—	—	95,000	
102,600	—	102,600	102,600	(1)
100,000	—	100,000	100,000	(1)
19,960	—	19,960	21,752	(7) (8)
63,300	—	63,300	63,300	(7)
58,000	—	58,000	58,000	(1)
21,000	—	21,000	21,000	(9)
60,300	—	60,300	60,300	(1) (10)
30,500	1,959	28,541	29,571	(2) (11)
21,800	696	21,104	21,800	(2) (12)
15,500	—	15,500	15,500	(13)
91,362	—	91,362	—	(1)
808,046	67,277	740,769	812,389	

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Schedule of Long-Term Debt / continued

DECEMBER 31, 1986 — WITH COMPARATIVE FIGURES FOR 1985
THOUSANDS OF DOLLARS

Issue / Series	Year of issue	Maturity date	Interest rate percent	Original amount
Payable in Canadian dollars, continued:				
			Brought forward	
EB	1986	June 2, 2001	9.375	$ 65,500
40	1986	October 23, 1987	9.000	1,120
		October 23, 1988	9.250	1,120
		October 23, 1989	9.500	1,120
		October 23, 1990	9.500	1,120
		October 23, 1991	9.500	1,120
CC	1986	October 23, 2006	10.125	26,000
Payable in United States dollars:				
1	1971	October 1, 1996	8.375	20,000
12	1975	January 15, 2000	9.750	34,500
17	1975	November 1, 2000	9.875	37,000
18	1976	May 1, 2001	8.875	52,500
19	1976	October 15, 2001	8.750	50,000
		October 15, 1986	8.200	10,000
22	1978	June 1, 1998	9.250	29,363
		June 1, 2003	9.375	4,737
28	1980	December 1, 2005	13.750	90,000
EA	1985	October 29, 2000/2005	11.250	50,000
Payable in Swiss francs:				
5	1978	November 15, 1987	6.000	37,188
Payable in Deutschemarks:				
4	1972	October 1, 1987-1992	6.750	4,618

Schedule

December 31, 1986			December 31, 1985	
Outstanding	Sinking funds	Long-term debt, net	Long-term debt, net	References
$ 808,046	67,277	740,769	812,389	
65,500	—	65,500	—	(8)
1,120	—	1,120	—	(1)
1,120	—	1,120	—	(1)
1,120	—	1,120	—	(1)
1,120	—	1,120	—	(1)
1,120	—	1,120	—	(1)
26,000	—	26,000	—	(14)
905,146	67,277	837,869	812,389	
9,720	—	9,720	9,253	(7) (22)
16,743	—	16,743	16,202	(15) (22)
23,320	—	23,320	22,776	(16) (22)
30,476	—	30,476	31,572	(17) (22)
37,675	—	37,675	37,675	(18)
—	—	—	2,650	
23,448	—	23,448	24,435	(7)
4,147	—	4,147	4,246	(7)
80,657	—	80,657	82,711	(19)
50,000	—	50,000	50,000	(20)
276,186	—	276,186	281,520	
37,188	—	37,188	37,188	
1,524	—	1,524	1,778	(21)
$ 1,220,044	67,277	1,152,767	1,132,875	

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Debt Fund — References to Schedule of Long-Term Debt

DECEMBER 31, 1986

1	Non-callable prior to maturity.
2	The sinking fund has been calculated to provide for retirement of the issue at maturity.
3	Redeemable at holder's option on June 1, 1988, 1991 or 1994. Callable upon the imposition of withholding taxes at 101.50% reducing to 100.25% over the remainder of the term to maturity.
4	Redeemable at holder's option on May 15, 1989 or 1994. Callable on May 15, 1987 and annually thereafter at 101% if called on or before May 15, 1994 and at 100.50% thereafter. Callable also, at any time, upon the imposition of withholding taxes, at 101% if called on or before May 15, 1994 and at 100.50% thereafter.
5	Non-callable prior to December 6, 1994 except for sinking fund purposes. Callable on December 6, 1994 and thereafter at any time at 100%.
6	Callable on December 6, 1997 and thereafter at any time at 100%.
7	Non-callable except for sinking fund purposes.
8	Callable at any time upon the imposition of withholding taxes at 100%.
9	Non-callable prior to maturity unless lender so agrees.
10	Redeemable at holder's option on May 15, 1987.
11	Callable on December 5, 1999 and thereafter at any time at 100%.
12	Callable on June 12, 2000 and thereafter at any time at 100%.
13	Callable on December 12, 2000 and thereafter at any time at 100%.
14	Callable on October 23, 2003 and thereafter at any time at 100%.
15	Non-callable prior to January 15, 1990 except for sinking fund purposes. Callable on January 15, 1990 and thereafter at any time at 103.50% reducing to 100% on or after January 16, 1999.
16	Non-callable prior to November 1, 1990 except for sinking fund purposes. Callable on November 1, 1990 and thereafter at any time at 103.25% reducing to 100% on or after November 2, 1998.

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Debt Fund — References to Schedule of Long-Term Debt / continued

DECEMBER 31, 1986

17 Non-callable prior to May 1, 1991 except for sinking fund purposes. Callable on May 1, 1991 and thereafter at any time at 102.75% reducing to 100% on or after May 2, 1999.

18 Non-callable prior to October 15, 1991 except for sinking fund purposes. Callable on October 15, 1991 and thereafter at any time at 102.75% reducing to 100% on or after October 16, 1999.

19 Non-callable prior to December 1, 1995 except for sinking fund purposes. Callable on December 1, 1995 and thereafter at any time at 105.02% reducing to 100% on or after December 1, 2004.

20 Redeemable at holder's option on October 28, 2000. Callable on October 28, 1993 and thereafter at 103% reducing to 100% from October 28, 1999 to October 28, 2000. Callable also, at any time, upon the imposition of withholding taxes, at 100%. The interest rate is effective until October 28, 2000; it will be reset by the Authority from October 29, 2000.

21 Callable on October 1, 1987 and annually thereafter at 101.25% reducing to 100.25% in 1991. Callable annually, also, at 100.50% in 1987 reducing to 100% in 1991, upon the imposition of withholding taxes.

22 The comparative figures for 1985 are net of amounts, previously recorded as sinking fund assets, which were transferred to the Capital Repayment Equalization Fund on January 1, 1986.

Ten Year Review — Combined Funds

THOUSANDS OF DOLLARS

	1986	1985	1984	1983
ASSETS				
Cash	$ 2,881	3,186	3,658	1,749
Receivables	1,768	1,627	1,724	1,951
Investments	139,174	100,676	92,076	70,968
Demand notes receivable from Regional Districts	82,611	80,243	77,863	71,867
Loans to Regional Districts	1,127,662	1,122,746	1,127,416	1,074,500
Deferred receivables from Regional Districts	14,122	19,318	21,573	21,573
Unamortized issue and refunding costs	3,099	2,066	1,100	1,312
Total assets	$ 1,371,317	1,329,862	1,325,410	1,243,920
LIABILITIES AND SURPLUS				
Accounts payable and unpresented matured debt	$ 1,945	2,256	2,507	2,697
Due to banks	—	1,455	4,939	4,615
Due to sinking and other funds	3,993	6,363	464	564
Reserves for information systems enhancement	115	92	66	109
Due to Regional Districts	115,338	112,320	108,430	97,805
Long-term debt, net	1,152,767	1,132,875	1,147,629	1,089,348
Total liabilities	1,274,158	1,255,361	1,264,035	1,195,138
Surplus	97,159	74,501	61,375	48,782
Total liabilities and surplus	$ 1,371,317	1,329,862	1,325,410	1,243,920
REVENUE				
Prior year's surplus appropriated	$ 36,625	30,711	25,416	20,985
Operating levy	360	361	351	350
Recoveries from new issues	86	82	190	65
Gains on purchases of own debentures	212	1,031	2,207	2,459
Interest from investments (including sinking funds)	19,633	16,980	15,107	11,381
Interest from loans to Regional Districts	144,234	144,557	137,420	121,061
Recovery of deficiencies from Regional Districts	3,237	489	735	201
Allocations from Regional Districts	—	—	—	—
Other	1,859	506	184	205
Total revenue	206,246	194,717	181,610	156,707
EXPENDITURE				
Legislative	47	53	57	48
Administrative	477	473	467	352
Interest	140,009	146,027	138,879	121,681
Amortization of issue and refunding costs	353	403	213	213
Allocations to Regional Districts	5,707	3,605	3,903	2,675
Other	370	319	82	63
Total expenditure	146,963	150,880	143,601	125,032
Excess of revenue over expenditure for the year	59,283	43,837	38,009	31,675
Surplus at beginning of the year not appropriated to current revenue	37,876	30,664	23,366	17,107
Surplus at end of the year	$ 97,159	74,501	61,375	48,782

1982	1981	1980	1979	1978	1977
2,348	415	633	383	201	175
1,226	992	589	662	1,862	368
49,611	39,863	30,540	27,883	18,993	16,235
61,703	48,906	37,374	27,686	22,467	18,493
939,718	787,185	659,338	524,094	450,270	385,900
21,573	21,573	21,787	22,167	23,055	—
1,525	1,555	1,612	1,714	1,464	1,379
1,077,704	900,489	751,873	604,589	518,312	422,550
2,012	202	473	212	94	111
2,380	14,760	2,684	—	972	—
1,302	—	2,831	—	—	—
75	45	25	78	44	25
83,411	65,903	50,186	36,957	29,945	25,431
950,432	792,509	679,886	557,492	481,337	391,971
1,039,612	873,419	736,085	594,739	512,392	417,538
38,092	27,070	15,788	9,850	5,920	5,012
1,077,704	900,489	751,873	604,589	518,312	422,550
15,772	10,945	8,329	5,164	4,637	2,596
352	309	270	225	205	210
62	55	48	39	36	—
4,674	6,351	2,921	503	244	7
9,380	6,173	3,989	2,766	1,880	1,340
98,158	78,144	56,434	44,360	37,975	30,683
486	1,050	1,662	1,666	664	295
—	—	—	—	115	—
664	46	—	—	—	—
129,548	103,073	73,653	54,723	45,756	35,131
51	44	48	43	40	36
340	313	240	228	205	179
98,964	77,175	56,050	42,807	38,675	29,543
248	286	342	328	1,071	236
3,113	3,036	2,512	1,909	—	236
37	(8)	195	314	221	121
102,753	80,846	59,387	45,629	40,212	30,351
26,795	22,227	14,266	9,094	5,544	4,780
11,297	4,843	1,522	756	376	232
38,092	27,070	15,788	9,850	5,920	5,012

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Canadian Dollar Bonds Issued in Canada

ISSUE/ SERIES	DESCRIPTION	DATED	AUTHORIZED $(000)	OUTSTANDING DECEMBER 31, 1986 $(000)	INTEREST
2	7.75% Serial Debentures due December 1, 1972-1996	December 1, 1971	1,258	622	Semi-annual June 1 December 1
3	7.75% Sinking Fund Debentures due March 1, 1992	March 1, 1972	1,675	1,675	Semi-annual March 1 September 1
	7.75% Sinking Fund Debentures due March 1, 1997	"	2,575	2,575	"
6	8.125% Serial Debentures due June 1, 1984-1993	June 1, 1973	8,727	6,779	Semi-annual June 1 December 1
7	9% Instalment Debentures due March 1, 1985-1989	March 1, 1974	887	574	Semi-annual March 1 September 1
	9% Sinking Fund Debentures due March 1, 1994	"	6,462	6,462	"
9	9% Sinking Fund Debenture due April 16, 1994	April 16, 1974	6,800	6,800	Semi-annual April 16 October 16
11	10.75% Instalment Debentures due September 3, 1985-1994	September 3, 1974	5,000	4,000	Semi-annual March 3 September 3
16	10.75% Sinking Fund Debentures due September 2, 1995	September 2, 1975	5,000	5,000	Semi-annual March 2 September 2

DENOMINATIONS	CALL	SINKING FUND OR MATURITIES NEXT 5 YEARS $(000)	RETRACTION OR EXTENSION	REGISTRAR AND TRANSFER AGENT
Coupon—$1,000	Non-callable	1987—72 1988—77 1989—83 1990—90 1991—97	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—$1,000	Non-callable	Annual deposits 1983-1992	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
"	"	Annual deposits 1983-1997	"	
Coupon—$1,000	Non-callable	1987— 757 1988— 819 1989— 886 1990— 956 1991—1,034	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—$1,000 Fully registered $1,000 and multiples thereof. Exchangeable	Non-callable	1987—177 1988—192 1989—205	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
"	"	Annual deposits 1975-1994	"	
Fully registered	Non-callable	Annual deposits 1975-1994	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Fully registered	Non-callable	1987—500 1988—500 1989—500 1990—500 1991—500	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Fully registered	Non-callable	Annual deposits 1986-1995	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7

continued

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Canadian Dollar Bonds Issued in Canada

ISSUE/ SERIES	DESCRIPTION	DATED	AUTHORIZED $(000)	OUTSTANDING DECEMBER 31, 1986 $(000)	INTEREST
20	9.875% Sinking Fund Debentures due June 1, 1997	June 15, 1977	20,000	20,000	Semi-annual June 1 December 1
21	8.75% Serial Debentures due December 1, 1983-1987	December 1, 1977	1,227	288	Semi-annual June 1 December 1
	9.25% Serial Debentures due December 1, 1988-1992	"	961	961	"
	9.50% Sinking Fund Debentures due December 1, 1997	"	33,500	33,500	"
	9.50% Sinking Fund Debentures due December 1, 2002	"	7,000	7,000	"
23	9.50% Serial Debentures due November 15, 1984-1988	November 15, 1978	1,150	524	Semi-annual May 15 November 15
	9.625% Serial Debentures due November 15, 1989-1993	"	890	890	"
	9.95% Sinking Fund Debentures due November 15, 1998	"	30,000	30,000	"
A23	9.95% Sinking Fund Debentures due November 15, 1998	November 15, 1978	6,735	6,735	Semi-annual May 15 November 15
	10% Sinking Fund Debentures due November 15, 2003	"	3,265	3,265	"

DENOMINATIONS	CALL	SINKING FUND OR MATURITIES NEXT 5 YEARS $(000)	RETRACTION OR EXTENSION	REGISTRAR AND TRANSFER AGENT
Coupon—$1,000 Coupon—$5,000 Coupon—$25,000 Fully registered $1,000 and multiples thereof. Exchangeable	Non-callable	Annual deposits 1978-1997	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—$1,000 Fully registered $1,000 and multiples thereof. Exchangeable	Non-callable	1987—288	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
"	"	1988—160 1989—175 1990—191 1991—208	"	
Coupon—$1,000 Coupon—$5,000 Coupon—$25,000 Fully registered $1,000 and multiples thereof. Exchangeable	"	Annual deposits 1978-1997	"	
"	"	Annual deposits 1978-2002	"	
Coupon—$1,000 Fully registered $1,000 and multiples thereof. Exchangeable	Non-callable	1987—250 1988—274	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
"	"	1989—147 1990—161 1991—177	"	
Coupon—$1,000 Coupon—$5,000 Coupon—$25,000 Fully registered $1,000 and multiples thereof. Exchangeable	"	Annual deposits 1979-1998	"	
Fully registered $1,000 and multiples thereof	Non-callable	Annual deposits 1979-1998	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
"	"	Annual deposits 1979-2003	"	

continued

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Canadian Dollar Bonds Issued in Canada

ISSUE/ SERIES	DESCRIPTION	DATED	AUTHORIZED $(000)	OUTSTANDING DECEMBER 31, 1986 $(000)	INTEREST
25	12.25% Sinking Fund Debentures due December 6, 1999	December 6, 1979	54,100	45,600	Semi-annual June 6 December 6
26	12.25% Sinking Fund Debentures due December 6, 2004	December 6, 1979	11,133	11,133	Semi-annual June 6 December 6
A29	14% Bonds due April 29, 2001	April 29, 1986	91,362	91,362	Semi-annual April 29 October 29
31	16.75% Debentures due June 30, 1987	September 1, 1982	102,600	102,600	Semi-annual June 30 December 31
32	13.625% Bonds due October 27, 1988	October 27, 1982	100,000	100,000	Semi-annual April 27 October 27
33	12.375% Sinking Fund Debentures due June 15, 2003	June 15, 1983	63,300	63,300	Semi-annual June 15 December 15
34	12% Bonds due November 22, 1993	December 15, 1983	58,000	58,000	Semi-annual May 22 November 22

DENOMINATIONS	CALL	SINKING FUND OR MATURITIES NEXT 5 YEARS $(000)	RETRACTION OR EXTENSION	REGISTRAR AND TRANSFER AGENT
Coupon—$1,000 Coupon—$5,000 Coupon—$25,000 Fully registered $1,000 and multiples thereof. Exchangeable	Callable at par on or after Dec. 6, 1994. Callable also for sinking fund purposes	1987—1,900 1988—2,100 1989—2,300 1990—2,300 1991—2,500	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Fully registered $1,000 and multiples thereof	Callable at par on or after Dec. 6, 1997	Annual deposits 1980-2004	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—$1,000 Coupon—$25,000 Coupon—$100,000 Fully registered $1,000 and multiples thereof. Exchangeable	Non-callable	None	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—$1,000 Coupon—$25,000 Coupon—$100,000 Fully registered $1,000 and multiples thereof. Exchangeable	Non-callable	None	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—$1,000 Coupon—$25,000 Coupon—$100,000 Fully registered $1,000 and multiples thereof. Exchangeable	Non-callable	None	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—$1,000 Coupon—$25,000 Coupon—$100,000 Fully registered $1,000 and multiples thereof. Exchangeable	Non-callable except for sinking fund purposes	Sinking fund will begin in 1994	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—$1,000 Coupon—$25,000 Coupon—$100,000 Fully registered $1,000 and multiples thereof. Exchangeable	Non-callable	None	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7

continued

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Canadian Dollar Bonds Issued in Canada

ISSUE/ SERIES	DESCRIPTION	DATED	AUTHORIZED $(000)	OUTSTANDING DECEMBER 31, 1986 $(000)	INTEREST
35	12.625% Retractable Debentures due May 15, 1990	May 15, 1984	60,300	60,300	Semi-annual May 15 November 15
36	13% Sinking Fund Debentures due December 5, 2004	December 5, 1984	30,500	30,500	Semi-annual June 5 December 5
CA	12% Sinking Fund Debentures due June 12, 2005	June 12, 1985	21,800	21,800	Semi-annual June 12 December 12
CB	11% Debentures due December 12, 2005	December 12, 1985	15,500	15,500	Semi-annual June 12 December 12
40	9%-9.50% Serial Debentures due October 23, 1987-1991	October 23, 1986	5,600	5,600	Semi-annual April 23 October 23
CC	10.125% Debentures due October 23, 2006	"	26,000	26,000	"

DENOMINATIONS	CALL	SINKING FUND OR MATURITIES NEXT 5 YEARS $(000)	RETRACTION OR EXTENSION	REGISTRAR AND TRANSFER AGENT
Coupon—$1,000 Coupon—$25,000 Coupon—$100,000 Fully registered $1,000 and multiples thereof. Exchangeable	Non-callable	None	Retractable at holder's option on May 15, 1987. Right may be exercised after November 15, 1986 and prior to February 18, 1987	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—$1,000 Coupon—$25,000 Coupon—$100,000 Fully registered $1,000 and multiples thereof. Exchangeable	Callable at par on or after December 5, 1999	Annual deposits 1985-2004	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—$1,000 Coupon—$25,000 Coupon—$100,000 Fully registered $1,000 and multiples thereof. Exchangeable	Callable at par on or after June 12, 2000	Annual deposits 1986-2005	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—$1,000 Coupon—$25,000 Coupon—$100,000 Fully registered $1,000 and multiples thereof. Exchangeable	Callable at par on or after December 12, 2000	None	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 Guaranty Trust Company of Canada 800 West Pender St. Vancouver, B.C. V6C 2V7 88 University Ave. Toronto, Ontario M5J 1T8
Fully registered $1,000 and multiples thereof	Non-callable	1987—1,120 1988—1,120 1989—1,120 1990—1,120 1991—1,120	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V9W 2B7
"	Callable at par on or after October 23, 2003	None	N/A	Guaranty Trust Company of Canada 800 West Pender St. Vancouver, B.C. V6C 2V7 88 University Ave. Toronto, Ontario M5J 1T8

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Canadian Dollar Bonds Issued in Europe

ISSUE/ SERIES	DESCRIPTION	DATED	OUTSTANDING AUTHORIZED $(000)	DECEMBER 31, 1986 $(000)	INTEREST
20	9% Bonds due June 1, 1985/1997	June 1, 1977	25,000	5,341	Annual June 1
24	10.25% Bonds due May 15, 1989/1999	May 15, 1979	24,000	24,000	Annual May 15
33	11.75% Bonds due June 15, 1993	June 15, 1983	25,000	19,960	Annual June 15
EB	9.375% Bonds due June 2, 2001	June 2, 1986	65,500	65,500	Annual June 2

DENOMINATIONS	CALL	SINKING FUND NEXT 5 YEARS $(000)	RETRACTION	PRINCIPAL PAYING AGENT/TRUSTEE/ STOCK EXCHANGE LISTING
Coupon—$1,000	Non-callable except upon imposition of withholding taxes	None	Retractable at par at option of holder on June 1, 1985, 1988, 1991 or 1994. Right may be exercised not more than 360 or less than 90 days prior to June 1	Kredietbank S.A. Luxembourgeoise Luxembourg. Finimtrust S.A. Luxembourg. Luxembourg Stock Exchange Luxembourg
Coupon—$1,000	Callable on May 15, 1984 and annually thereafter until May 15, 1994 at 101%, from May 15, 1995 at 100.50%	None	Retractable at par at option of holder on May 15, 1989 or 1994. Right may be exercised no more than 360 or less than 90 days prior to May 15	Kredietbank S.A. Luxembourgeoise Luxembourg. Finimtrust S.A. Luxembourg. Luxembourg Stock Exchange Luxembourg
Coupon—$1,000 Fully registered $1,000 and multiples thereof. Exchangeable	Non-callable except for sinking fund purposes or upon imposition of withholding taxes	1987—2,087 1988—2,327 1989—2,507 1990—2,757 1991—3,075	N/A	Kredietbank S.A. Luxembourgeoise Luxembourg. Finimtrust S.A. Luxembourg. Luxembourg Stock Exchange Luxembourg
Coupon—$1,000	Non-callable except upon imposition of withholding taxes	None	N/A	Kredietbank S.A. Luxembourgeoise Luxembourg. Luxembourg Stock Exchange Luxembourg

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

U.S. Dollar Bonds Issued in the United States

ISSUE/ SERIES	DESCRIPTION	DATED	AUTHORIZED U.S. $(000)	OUTSTANDING DECEMBER 31, 1986 U.S. $(000)	INTEREST
1	8.375% Sinking Fund Debentures due October 1, 1996	October 1, 1971	20,000	9,720	Semi-annual April 1 October 1
12	9.75% Sinking Fund Debentures due January 15, 2000	January 15, 1975	34,500	16,743	Semi-annual January 15 July 15
17	9.875% Sinking Fund Debentures due November 1, 2000	November 1, 1975	37,000	23,320	Semi-annual May 1 November 1
18	8.875% Sinking Fund Debentures due May 1, 2001	May 1, 1976	52,500	30,476	Semi-annual May 1 November 1

DENOMINATIONS	CALL	SINKING FUND NEXT 5 YEARS U.S. $(000)	AUTHENTICATING AND PAYING AGENT
Fully registered U.S. $1,000 and multiples thereof	Non-callable except for sinking fund purposes	1987—1,149 1988—1,246 1989—1,350 1990—1,463 1991—1,585	Bank of Montreal Trust Company 2 Wall Street New York, N.Y. 10005
Fully registered U.S. $1,000 and multiples thereof	Non-callable except for sinking fund purposes prior to Jan. 15, 1990. To Jan. 15, 1993 —103.50% To Jan. 15, 1996 —102.25% To Jan. 15, 1999 —101%	1987—1,376 1988—1,509 1989—1,657 1990—1,819 1991—1,725	Bank of Montreal Trust Company 2 Wall Street New York, N.Y. 10005
Fully registered U.S. $1,000 and multiples thereof	Non-callable except for sinking fund purposes prior to Nov. 1, 1990. To Nov. 1, 1993 —103.25% To Nov. 1, 1996 —101.75% To Nov. 1, 1998 —100.75%	1987—1,705 1988—1,873 1989—2,059 1990—2,262 1991—2,290	Bank of Montreal Trust Company 2 Wall Street New York, N.Y. 10005
Fully registered U.S. $1,000 and multiples thereof	Non-callable except for sinking fund purposes prior to May 1, 1991. To May 1, 1994 —102.75% To May 1, 1997 —101.50% To May 1, 1999 —100.75%	1987—2,122 1988—2,310 1989—2,515 1990—2,738 1991—2,981	Bank of Montreal Trust Company 2 Wall Street New York, N.Y. 10005

continued

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

U.S. Dollar Bonds Issued in the United States

ISSUE/ SERIES	DESCRIPTION	DATED	AUTHORIZED U.S. $(000)	OUTSTANDING DECEMBER 31, 1986 U.S. $(000)	INTEREST
19	8.75% Sinking Fund Debentures due October 15, 2001	October 15, 1976	50,000	37,675	Semi-annual April 15 October 15
22	9.25% Sinking Fund Debentures due June 1, 1998	June 1, 1978	29,363	23,448	Semi-annual June 1 December 1
	9.375% Sinking Fund Debentures due June 1, 2003	"	4,737	4,147	"
28	13.75% Sinking Fund Debentures due December 1, 2005	December 1, 1980	90,000	80,657	Semi-annual June 1 December 1

DENOMINATIONS	CALL	SINKING FUND NEXT 5 YEARS U.S. $(000)	AUTHENTICATING AND PAYING AGENT
Fully registered U.S. $1,000 and multiples thereof	Non-callable except for sinking fund purposes prior to Oct. 15, 1991. To Oct. 15, 1994 —102.75% To Oct. 15, 1997 —101.625% To Oct. 15, 1999 —100.625%	1987—2,578 1988—2,801 1989—3,045 1990—3,308 1991—3,595	Bank of Montreal Trust Company 2 Wall Street New York, N.Y. 10005
Fully registered U.S. $1,000 and multiples thereof	Non-callable except for sinking fund purposes. Optional redemption— Tenders may be called from all holders	1987—1,078 1988—1,178 1989—1,210 1990—1,322 1991—1,983	Bank of Montreal Trust Company 2 Wall Street New York, N.Y. 10005
"	"	1987— 108 1988— 118 1989— 130 1990— 141 1991— 155	
Fully registered U.S. $1,000 and multiples thereof	Non-callable except for sinking fund purposes prior to Dec. 1, 1995. On Dec. 1, 1995 and thereafter at 105.02% declining by 0.56% on each Dec. 1, to 100% on or after Dec. 1, 2004	1987—2,337 1988—2,660 1989—3,027 1990—3,445 1991—3,193	Bank of Montreal Trust Company 2 Wall Street New York, N.Y. 10005

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

U.S. Dollar Bonds Issued in Europe

ISSUE/ SERIES	DESCRIPTION	DATED	AUTHORIZED U.S. $(000)	OUTSTANDING DECEMBER 31, 1986 U.S. $(000)	INTEREST
EA	Retractable Bonds due October 28, 2000/2005	October 28, 1985	50,000	50,000	Annual October 28 Rate 11.25% until October, 2000. Rate will be reset from October 29, 2000

DENOMINATIONS	CALL	SINKING FUND NEXT 5 YEARS U.S. $(000)	RETRACTION	FISCAL AGENT/ STOCK EXCHANGE LISTING
Coupon— U.S. $1,000 U.S. $5,000	Callable on October 28, 1993 and thereafter at 103% declining by 0.50% on each October 28, to 100% on or after October 28, 1999	None	Retractable at par at option of holder on October 28, 2000. Right may be exercised not more than 30 days or less than 15 days prior to October 28, 2000	Kredietbank S.A. Luxembourgeoise Luxembourg. Luxembourg Stock Exchange Luxembourg